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C O N F I D E N T I A L ASUNCION 000185

SIPDIS

STATE FOR WHA/BSC MDASCHBACH

E.O. 12958: DECL: 12/31/2034  
TAGS: [PREL](#) [PGOV](#) [EC](#) [PA](#)  
SUBJECT: CORREA'S PARAGUAY VISIT PRODUCTIVE AND  
CONTROVERSIAL

REF: A. 08 ASUNCION 00721  
[1](#)B. 08 ASUNCION 00512  
[1](#)C. ASUNCION 00008

Classified By: DCM Michael J. Fitzpatrick for reasons 1.4 (b) and (d).

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SUMMARY  
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[1](#)1. (C) During his March 23-24 visit to Paraguay, Ecuadorian President Rafael Correa signed three bilateral accords, unleashed populist rhetoric, bashed the press and "traditional" politicians, offered Paraguay free advice on renegotiating the Itaipu Dam treaty with Brazil, and exchanged medals of honor with Lugo. Correa's visit was short both in time and in substance, and surprisingly low-profile. Lugo stood quietly by during Correa's discourses, neither affirming nor denying his visitor's message as Lugo is oft to do. END SUMMARY.

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EVENTFUL TRIP FOR CORREA  
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[1](#)2. (U) Ecuadorian President Rafael Correa met with President Fernando Lugo and Congressional leaders during his March 23-24 visit to Paraguay, the first foreign head of state visit here since Lugo's August 2008 inauguration. Lugo and Correa signed three bilateral accords, and traveled to Itapua Department together March 24 to visit Encarnacion and the Jesuit Ruins at Trinidad. Correa delivered a populist speech to Paraguay's Movement Toward Socialism (P-MAS) supporters and students at the National University of Asuncion, and awarded Lugo the "Grand Collar of the National Order of Merit of Ecuador." Lugo reciprocally bestowed on Correa the "Marshall Francisco Solano Lopez National Order of Merit" Medal.

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PARAGUAY AND ECUADOR SIGN ACCORDS  
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[1](#)3. (U) Paraguay and Ecuador signed bilateral agreements March 23 on recovering stolen cultural property; consular affairs, migration, and extradition; and establishing a cooperative link between Paraguay's Investment and Exports Network (REDIEX) and Ecuador's Corporation for the Promotion of Exports and Investments (CORPEI). In contrast to the previous misstep with the Venezuelan accords, the Lugo administration officially forwarded the text of the agreements to Congress the following day (ref A).

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CORREA DELIVERS POPULIST RHETORIC  
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14. (SBU) Correa repeatedly spoke during his visit of "21st Century Socialism," and "welcomed" Paraguay to the Bolivarian Revolution. He told the Paraguayan press March 23 the purpose of his visit was to "deepen the new (political) direction being undertaken by Ecuador, Venezuela, Bolivia, Paraguay, Nicaragua, El Salvador, including Argentina and Uruguay." Correa said that "this a new direction in Latin America unwilling to be blind to reality. Socialism of the 21st Century has emerged as a response to fictitious and corrupt democracies that governed our countries and to the prescriptions of the multilateral agencies of the North that did not take into account the reality of serving the people. We carried out a radical and peaceful revolution. Our bullets are the ballots. We defeated neo-liberalism and international organizations, which were the right hand of the domatinating policy of the North."

15. (U) Correa told an audience of P-MAS supporters and students at the National University of Asuncion March 23 that Lugo is an adherent of 21st Century Socialism, and that Lugo "is a revolutionary, a person whose origin is in liberation theology." Correa linked some of Paraguay's founding fathers (Pedro Juan Caballero, Fulgencio Yegros, and Ignacio Iturbe), to Chavez' Bolivarian Revolution, and said that "nothing is more revolutionary in our America than our insurgent history." (NOTE: Caballero, Yegros, and Iturbe were members of Paraguay's original junta that declared independence from Spain in 1811. END NOTE.)

16. (SBU) The Paraguayan press reported that Lugo praised Correa for breaking up "the framework of traditional

politics, whose values are not always in agreement with the great dreams of prosperity." Lugo spoke of drawing "a new political map in Latin America," and stated that, "In our country the disastrous neo-liberal policies of the 1990's produced economic exile of hundreds of thousands of Ecuadorians and Paraguayans." Lugo said that Correa and he seek "to overcome the firewall of the miraculous lies from those who use their recipes to kill us and who with their recipes pretend to revive us." (NOTE: The press widely interpreted this to mean the IMF. END NOTE.) Correa attacked "traditional" politicians for their lack of economic experience, and accused them of being "sadists" who run "sado-democracies." Correa also harshly criticized the press during his visit; the Paraguayan media, which had just hosted the Inter-American Press Association's annual conference (where Correa had been criticized), was only more than willing to fire back, con gusto (septel).

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CORREA'S ADVICE ON ITAIPU  
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17. (U) Correa also used his trip to apply public pressure on Brazil. He declared that Paraguay has the right to revise the Itaipu Dam Treaty with Brazil. He told the press March 24 that he once spoke "tangentially" with Brazilian President Luiz Inacio Lula da Silva about the issue, and that Lula was open to revising the treaty. Correa noted that Ecuador's own dam dispute with Brazil could affect Brazil's willingness to negotiate with Paraguay on Itaipu. (NOTE: Ecuador and Brazil are at an impasse over Ecuador's San Francisco Hydroelectrical Plant. END NOTE.) Correa asserted that during Ecuador's negotiations with Brazil, "there was an exaggeration by the Brazilian government on the basis of wrong information."

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COMMENT  
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18. (C) Correa's visit was short both in time and in substance, and surprisingly low-profile. Lugo stood quietly by during Correa's discourses, neither affirming nor denying his visitor's message as Lugo is oft to do. The bilateral

agreements signed by Lugo and Correa are non-controversial -- unlike Correa's broadsides at the media. Most media coverage, in fact, related to Correa's attacks on the media rather than the substance of his visit here. Correa's visit is yet another example of Lugo appeasing the political left by letting them shape his image publicly rather than asserting himself as a moderate (refs B and C). Lugo's administration is more pragmatic than belies the carefully crouched, if populist, rhetoric used during Correa's visit.  
END COMMENT.

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